

SOME and Affiliates

**Consolidated Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

December 31, 2021 and 2020

SOME and Affiliates

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Independent Auditor's Report

To the Board of Directors
SOME and Affiliates

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of SOME and Affiliates, which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of SOME and Affiliates as of December 31, 2021 and 2020, and the consolidated changes in its net assets, and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SOME and Affiliates and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SOME and Affiliates' ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SOME and Affiliates' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SOME and Affiliates' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidating Schedules on pages 32 to 37 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of current year program expenses and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Bethesda, Maryland
August 3, 2022

SOME and Affiliates

Consolidated Statements of Financial Position December 31, 2021 and 2020

	2021			2020		
	Without donor restriction	With donor restriction	Total	Without donor restriction	With donor restriction	Total
<u>Assets</u>						
Current assets						
Cash and cash equivalents, undesignated	\$ 5,473,192	\$ 11,243,060	\$ 16,716,252	\$ 9,973,055	\$ 4,565,899	\$ 14,538,954
Cash and cash equivalents designated to investment in property and equipment	1,000,000	-	1,000,000	1,000,000	-	1,000,000
United Way contributions receivable	-	352,000	352,000	-	200,000	200,000
Accounts receivable, net	2,148,386	-	2,148,386	2,348,013	-	2,348,013
Developer fee receivable - current	336,104	-	336,104	336,104	-	336,104
Grants receivable	413,292	-	413,292	414,019	-	414,019
Pledges receivable, net	-	-	-	-	79,368	79,368
Prepaid expenses and deposits	116,124	-	116,124	186,154	-	186,154
Total current assets	9,487,098	11,595,060	21,082,158	14,257,345	4,845,267	19,102,612
Other assets						
Developer fee receivable - noncurrent	6,268,919	-	6,268,919	3,910,684	-	3,910,684
Investments	33,580,705	-	33,580,705	29,223,096	-	29,223,096
Pledges receivable - noncurrent, net	-	-	-	-	42,857	42,857
Security deposits	367,795	-	367,795	359,061	-	359,061
Escrows and reserves	6,911,804	-	6,911,804	6,691,655	-	6,691,655
Development escrows	6,157,632	-	6,157,632	253,062	-	253,062
Restricted cash	929,345	-	929,345	765,186	-	765,186
Deferred rent asset	1,423,899	-	1,423,899	1,075,562	-	1,075,562
Total other assets	55,640,099	-	55,640,099	42,278,306	42,857	42,321,163
Note receivable	14,739,128	-	14,739,128	14,739,128	-	14,739,128
Deferred fees, net of accumulated amortization	329,874	-	329,874	366,450	-	366,450
Property and equipment						
Land	15,366,591	-	15,366,591	15,366,591	-	15,366,591
Land improvements	6,782,095	-	6,782,095	5,168,868	-	5,168,868
Buildings and improvements	199,923,659	-	199,923,659	187,308,622	-	187,308,622
Furniture and fixtures	5,857,087	-	5,857,087	5,150,384	-	5,150,384
Vehicles	435,754	-	435,754	392,775	-	392,775
Construction in process	26,214,035	-	26,214,035	18,081,701	-	18,081,701
Accumulated depreciation	(48,998,720)	-	(48,998,720)	(43,855,449)	-	(43,855,449)
Total property and equipment	205,580,501	-	205,580,501	187,613,492	-	187,613,492
Total assets	\$ 285,776,700	\$ 11,595,060	\$ 297,371,760	\$ 259,254,721	\$ 4,888,124	\$ 264,142,845

SOME and Affiliates

Consolidated Statements of Financial Position December 31, 2021 and 2020

	2021			2020		
	Without donor restriction	With donor restriction	Total	Without donor restriction	With donor restriction	Total
<u>Liabilities and Net Assets</u>						
Current liabilities						
Accounts payable and accrued expenses	\$ 6,168,439	\$ -	\$ 6,168,439	\$ 5,221,636	\$ -	\$ 5,221,636
Accrued payroll and withholding	1,360,238	-	1,360,238	1,637,234	-	1,637,234
Accrued vacation	1,349,934	-	1,349,934	1,378,116	-	1,378,116
Accrued interest payable - current	651,806	-	651,806	18,325	-	18,325
Accrued asset management fee	-	-	-	21,636	-	21,636
Deferred revenue - current	740,357	-	740,357	126,981	-	126,981
Lines of credit - current	6,500,000	-	6,500,000	6,750,000	-	6,750,000
Notes payable - current maturities	1,707,789	-	1,707,789	1,066,677	-	1,066,677
Total current liabilities	18,478,563	-	18,478,563	16,220,605	-	16,220,605
Long-term liabilities						
Security deposit payable	386,892	-	386,892	299,507	-	299,507
Accrued interest payable	4,471,246	-	4,471,246	4,250,510	-	4,250,510
Accrued asset management fee	17,345	-	17,345	16,400	-	16,400
Lines of credit	-	-	-	3,000,000	-	3,000,000
Notes payable, net	132,708,651	-	132,708,651	118,612,036	-	118,612,036
Total long-term liabilities	137,584,134	-	137,584,134	126,178,453	-	126,178,453
Commitments and contingencies	-	-	-	-	-	-
Net assets						
Net assets without donor restrictions						
Undesignated	32,397,890	-	32,397,890	26,592,345	-	26,592,345
Non-controlling	21,158,976	-	21,158,976	24,991,982	-	24,991,982
Board designated	76,157,137	-	76,157,137	65,271,336	-	65,271,336
Total net assets without donor restrictions	129,714,003	-	129,714,003	116,855,663	-	116,855,663
Net assets with donor restriction	-	11,595,060	11,595,060	-	4,888,124	4,888,124
Total net assets	129,714,003	11,595,060	141,309,063	116,855,663	4,888,124	121,743,787
Total liabilities and net assets	\$ 285,776,700	\$ 11,595,060	\$ 297,371,760	\$ 259,254,721	\$ 4,888,124	\$ 264,142,845

See Notes to Consolidated Financial Statements.

SOME and Affiliates

Consolidated Statements of Activities Years Ended December 31, 2021 and 2020

	2021			2020		
	Without donor restriction	With donor restriction	Total	Without donor restriction	With donor restriction	Total
Support and revenue						
Contributions	\$ 17,472,304	\$ 15,959,563	\$ 33,431,867	\$ 15,608,517	\$ 6,139,209	\$ 21,747,726
Legacies and bequests	918,364	-	918,364	1,487,193	-	1,487,193
Special events	33,750	-	33,750	1,185,464	-	1,185,464
In-kind contributions	524,540	-	524,540	450,175	-	450,175
Grants	2,183,759	-	2,183,759	2,652,551	-	2,652,551
Foundations	1,285,005	942,192	2,227,197	1,696,169	253,207	1,949,376
Rental income	11,224,355	-	11,224,355	11,381,573	-	11,381,573
Development fee income	2,372,334	-	2,372,334	1,787,483	-	1,787,483
Insurance reimbursements	3,656,620	-	3,656,620	3,323,622	-	3,323,622
Program service revenue	18,550	-	18,550	25,894	-	25,894
Other	5,913,485	-	5,913,485	529,593	-	529,593
Satisfaction of restrictions	10,194,819	(10,194,819)	-	3,719,345	(3,719,345)	-
Total support and revenue	55,797,885	6,706,936	62,504,821	43,847,579	2,673,071	46,520,650
Expenses						
Emergency aid	1,909,990	-	1,909,990	2,512,407	-	2,512,407
Housing services	30,661,514	-	30,661,514	28,110,983	-	28,110,983
Health services	2,349,487	-	2,349,487	2,665,123	-	2,665,123
Senior services	1,390,880	-	1,390,880	1,209,625	-	1,209,625
Mental health services	6,871,211	-	6,871,211	7,136,689	-	7,136,689
Education	1,895,249	-	1,895,249	2,041,656	-	2,041,656
Total program services	45,078,331	-	45,078,331	43,676,483	-	43,676,483
Supporting services						
Management and general	2,051,328	-	2,051,328	1,403,624	-	1,403,624
Fundraising	3,243,618	-	3,243,618	2,569,879	-	2,569,879
Total supporting services	5,294,946	-	5,294,946	3,973,503	-	3,973,503
Total expenses	50,373,277	-	50,373,277	47,649,986	-	47,649,986
Non-operating activities						
Gain (loss) on investments - net	3,684,337	-	3,684,337	2,101,494	-	2,101,494
Insurance proceeds	-	-	-	226,345	-	226,345
Gain on sale of fixed assets	-	-	-	-	-	-
Interest and dividends, net	693,308	-	693,308	625,537	-	625,537
Total non-operating activities	4,377,645	-	4,377,645	2,953,376	-	2,953,376
Change in net assets	9,802,253	6,706,936	16,509,189	(849,031)	2,673,071	1,824,040
Non-controlling interest income (loss)	(6,889,093)	-	(6,889,093)	(4,507,756)	-	(4,507,756)
Excess (deficiency) of revenue over expenses - attributable to SOME and Affiliates	\$ 16,691,346	\$ 6,706,936	\$ 23,398,282	\$ 3,658,725	\$ 2,673,071	\$ 6,331,796

See Notes to Consolidated Financial Statements.

SOME and Affiliates

Consolidated Statement of Functional Expenses Year Ended December 31, 2021

	Program Services						Supporting Services		Total
	Emergency Aid	Housing Services	Health Services	Senior Services	Mental Health Services	Education	Management and General	Fundraising	
Salaries and wages	\$ 941,426	\$ 8,844,164	\$ 1,127,887	\$ 810,363	\$ 3,763,735	\$ 1,074,767	\$ 4,849,600	\$ 1,298,168	\$ 22,710,110
Employee benefits	196,385	1,944,376	266,996	142,811	940,177	228,551	787,146	290,258	4,796,700
Professional fees	-	562,155	-	19	31,475	30,176	339,789	343,712	1,307,326
Stipends	-	2,960	-	-	14,888	4,025	-	-	21,873
Staff training	505	8,683	6,447	1,073	6,226	23,491	74,463	1,048	121,936
Meals and food	342,035	60,554	1,513	8,367	98,228	63	528,299	118,639	1,157,698
Repairs and maintenance	8,456	3,189,467	239,307	703	273,676	31,932	240,053	4,429	3,988,023
Supplies	22,808	331,302	166,089	25,964	20,104	21,335	431,473	219,670	1,238,745
Telephone	-	70,078	-	-	8,535	-	83,831	-	162,444
Postage	-	592	-	-	192	-	6,412	91,079	98,275
Printing and related costs	1,569	1,216	82	50	-	-	19,431	105,314	127,662
Transportation	1,835	41,457	77	1,187	5,194	94	27,731	2,993	80,568
Utilities	210	2,386,798	-	-	19,915	-	693,440	-	3,100,363
Real estate taxes	-	69,391	-	-	-	-	-	-	69,391
Rent	-	103,468	-	26	16,905	-	159,385	2,358	282,142
Permits	-	58,489	5,338	1,545	4,379	3,605	2,640	5,520	81,516
Lab tests	-	41,587	37,214	136	3,562	-	18,643	-	101,142
Client assistance and support	-	111,010	7,789	63,843	29,544	24,673	-	-	236,859
Fines and penalties	-	252	1,537	-	55	-	34,725	53,571	90,140
Credit card and bank service charges	-	28,101	-	-	-	-	23,125	118,746	169,972
Interest expense	-	2,729,998	-	-	-	-	255,071	-	2,985,069
Dues and subscriptions	102	8,771	10,300	465	13,055	480	23,602	6,060	62,835
Insurance	5,796	274,492	5,924	-	3,180	-	446,303	-	735,695
Equipment and furniture	4,510	51,278	3,090	9,578	30,566	-	48,931	74	148,027
Advertising	-	214	-	50	579	21,415	5,491	47,022	74,771
List rental	-	-	-	-	-	-	-	14,801	14,801
Investor service fees	-	42,640	-	-	-	-	-	-	42,640
Bad debt expense	-	514,701	-	-	-	-	-	-	514,701
Total expenses before depreciation	1,525,637	21,478,194	1,879,590	1,066,180	5,284,170	1,464,607	9,099,584	2,723,462	44,521,424
Depreciation and amortization	7,138	5,544,087	17,970	-	78,972	-	203,686	-	5,851,853
Overhead allocation	377,215	3,639,233	451,927	324,700	1,508,069	430,642	(7,251,942)	520,156	-
Total expenses	<u>\$ 1,909,990</u>	<u>\$ 30,661,514</u>	<u>\$ 2,349,487</u>	<u>\$ 1,390,880</u>	<u>\$ 6,871,211</u>	<u>\$ 1,895,249</u>	<u>\$ 2,051,328</u>	<u>\$ 3,243,618</u>	<u>\$ 50,373,277</u>

See Notes to Consolidated Financial Statements.

SOME and Affiliates

Consolidated Statement of Functional Expenses Year Ended December 31, 2020

	Program Services						Supporting Services		Total
	Emergency Aid	Housing Services	Health Services	Senior Services	Mental Health Services	Education	Management and General	Fundraising	
Salaries and wages	\$ 945,380	\$ 7,629,626	\$ 1,335,761	\$ 691,221	\$ 3,681,978	\$ 1,085,202	\$ 3,658,517	\$ 911,386	\$ 19,939,071
Employee benefits	263,482	2,620,356	385,485	153,863	1,264,843	340,150	849,389	250,985	6,128,553
Professional fees	2,872	406,675	2,636	1,420	8,103	2,538	210,367	22,659	657,270
Stipends	-	1,488	-	15,878	6,584	4,683	3,067	-	31,700
Staff training	61	10,923	508	2,098	3,007	34,490	36,159	407	87,653
Meals and food	785,598	49,908	-	7,084	107,277	1,256	792	32,049	983,964
Repairs and maintenance	49,353	3,152,931	230,134	9,903	361,620	62,343	292,192	297,740	4,456,216
Supplies	72,881	484,443	87,894	23,417	85,376	44,161	583,280	149,729	1,531,181
Telephone	4,395	122,277	4,357	2,969	38,101	2,142	68,108	766	243,115
Postage	120	766	1,600	16	2,025	-	5,902	216,685	227,114
Printing and related costs	3,036	38,125	9,643	532	17,977	3,569	14,373	116,425	203,680
Transportation	2,070	21,984	1,230	3,775	9,411	1,046	11,298	2,158	52,972
Utilities	29,221	1,678,305	13,732	65	93,824	58,885	319,591	1,717	2,195,340
Real estate taxes	-	111,160	-	-	-	-	-	-	111,160
Rent	324	56,976	-	45,043	38,761	-	43,669	2,686	187,459
Permits	17	56,154	4,444	-	4,364	3,759	120	-	68,858
Lab tests	-	78,894	19,778	206	2,530	1,106	-	-	102,514
Client assistance and support	506	47,337	6,021	15,992	18,153	23,466	-	-	111,475
Fines and penalties	-	12,794	597	-	230	-	10,847	6,373	30,841
Credit card and bank service charges	-	27,408	-	-	-	-	6,123	196,260	229,791
Interest expense	-	2,765,320	-	-	-	-	99,708	-	2,865,028
Dues and subscriptions	9,512	8,498	11,541	170	12,870	84	5,311	3,231	51,217
Insurance	12,046	189,780	65,299	6,442	51,121	11,847	297,716	5,200	639,451
Equipment and furniture	1,725	52,503	7,380	2,055	15,268	1,132	30,323	264	110,650
Advertising	-	1,777	-	-	326	884	14,970	33,696	51,653
List rental	-	-	-	-	-	-	-	17,092	17,092
Investor service fees	-	55,948	-	-	-	-	-	-	55,948
Bad debt expense	-	403,177	-	-	-	-	-	-	403,177
Total expenses before depreciation	2,182,599	20,085,533	2,188,040	982,149	5,823,749	1,682,743	6,561,822	2,267,508	41,774,143
Depreciation and amortization	18,689	5,514,590	37,493	-	101,224	1,780	199,627	2,440	5,875,843
Overhead allocation	311,119	2,510,860	439,590	227,476	1,211,716	357,133	(5,357,825)	299,931	-
Total expenses	<u>\$ 2,512,407</u>	<u>\$ 28,110,983</u>	<u>\$ 2,665,123</u>	<u>\$ 1,209,625</u>	<u>\$ 7,136,689</u>	<u>\$ 2,041,656</u>	<u>\$ 1,403,624</u>	<u>\$ 2,569,879</u>	<u>\$ 47,649,986</u>

See Notes to Consolidated Financial Statements.

SOME and Affiliates

Consolidated Statements of Changes in Net Assets Years Ended December 31, 2021 and 2020

	Without donor restriction			With donor restriction	Total
	Controlling	Noncontrolling	Total		
Net assets at January 1, 2020	\$ 88,204,956	\$ 22,025,213	\$ 110,230,169	\$ 2,215,053	\$ 112,445,222
Contributions	-	7,474,525	7,474,525	-	7,474,525
Excess (deficiency) of revenue over expenses	<u>3,658,725</u>	<u>(4,507,756)</u>	<u>(849,031)</u>	<u>2,673,071</u>	<u>1,824,040</u>
Net assets at December 31, 2020	91,863,681	24,991,982	116,855,663	4,888,124	121,743,787
Contributions	-	3,056,087	3,056,087	-	3,056,087
Excess (deficiency) of revenue over expenses	<u>16,691,346</u>	<u>(6,889,093)</u>	<u>9,802,253</u>	<u>6,706,936</u>	<u>16,509,189</u>
Net assets at December 31, 2021	<u>\$ 108,555,027</u>	<u>\$ 21,158,976</u>	<u>\$ 129,714,003</u>	<u>\$ 11,595,060</u>	<u>\$ 141,309,063</u>

See Notes to Consolidated Financial Statements.

SOME and Affiliates

Consolidated Statements of Cash Flows Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 16,509,189	\$ 1,824,040
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization of tax credit fees	5,851,853	5,875,843
Amortization of debt issuance costs	100,165	80,056
Gain on investments - net	(3,684,337)	(2,101,494)
Forgiveness of debt	(5,254,621)	-
Donated securities	(911,229)	(477,506)
Changes in assets and liabilities		
Accounts receivable	(2,158,608)	(1,199,733)
Contributions receivable	(152,000)	350,000
Grants receivable	727	380,274
Pledges receivable	122,225	50,100
Prepaid expenses	70,030	1,799
Other escrows	(220,149)	(944,835)
Deferred rent asset	(348,337)	(369,340)
Accounts payable	(250,165)	580,385
Accrued payroll and withholding	(276,996)	1,049,888
Accrued vacation	(28,182)	389,302
Deferred revenue	613,376	82,820
Security deposits payable	87,385	(4,514)
Accrued interest	938,275	512,359
Accrued asset management fees	(20,691)	858
	<u>10,987,910</u>	<u>6,080,302</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Investment in property and equipment	(22,669,376)	(9,859,744)
Proceeds from sales of marketable securities	4,632,038	4,752,026
Investment in marketable securities	(4,394,081)	(4,933,877)
Change in development escrows	(5,904,570)	488,168
	<u>(28,335,989)</u>	<u>(9,553,427)</u>
Net cash used in investing activities		

SOME and Affiliates

Consolidated Statements of Cash Flows Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from financing activities		
Proceeds from note payable	21,239,516	10,907,497
Principal payments on notes payable	(1,347,333)	(5,043,630)
Contributions from noncontrolling members	3,056,087	7,474,525
Principal payments on line of credit	(3,250,000)	(1,500,000)
Net cash provided by financing activities	19,698,270	11,838,392
Net change in cash and restricted cash	2,350,191	8,365,267
Beginning of year		
Cash and cash equivalents, undesignated	15,663,201	7,297,934
Cash and cash equivalents designated for investment in property and equipment	1,000,000	1,000,000
Total beginning of year	16,663,201	8,297,934
End of year		
Cash and restricted cash, undesignated	18,013,392	15,663,201
Cash and restricted cash designated for investment in property and equipment	1,000,000	1,000,000
Total end of year	<u>\$ 19,013,392</u>	<u>\$ 16,663,201</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest, net of amounts capitalized	<u>\$ 1,946,629</u>	<u>\$ 2,272,613</u>

Noncash investing activities

During the years ended December 31, 2021 and 2020, SOME received \$911,229 and \$477,506 in donated securities, respectively.

At December 31, 2021 and 2020, SOME had accrued construction costs of \$5,076,745 and \$3,879,777, respectively.

At December 31, 2021 and 2020, SOME had accrued interest of \$0 and \$84,058, respectively, that was capitalized.

During the years ended December 31, 2021 and 2020, SOME disposed of fully amortized fixed assets and accumulated depreciation in the amount of \$0 and \$157,997, respectively.

During the year ended December 31, 2021, SOME transferred assets of \$2,919,346, net of accumulated depreciation of \$656,417, to NCap as part of the sale of the property.

During the year ended December 31, 2020, SOME transferred fully depreciated assets of \$1,785,888 to SSIII as part of the sale of the property.

During the year ended December 31, 2021, SOME recognized \$5,254,621 of loan forgiveness, which is included in other income.

See Notes to Consolidated Financial Statements.

SOME and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

Note 1 - Organization

SOME, Inc. was incorporated in November 1970 under the District of Columbia Non-Profit Corporation Act. SOME, Inc.'s mission is to help the poor and homeless of the nation's capital by providing food, medical and dental care, job training, addictions treatment, mental health programs and affordable housing with supportive services for families and individuals. Principal support for SOME, Inc. is in the form of program service fees, grants, and contributions from individuals, government agencies, foundations and corporations.

The consolidated financial statements include the accounts of SOME, Inc. and the following separately incorporated affiliates ("SOME and Affiliates", "SOME", or the "Organization").

Affordable Housing Opportunities, Inc. ("AHO"), an affiliate of SOME, was incorporated in the District of Columbia on January 19, 2005 as a non-profit charitable organization and was organized for the purpose of developing and providing affordable housing.

The following real estate entity is a limited liability company, which is wholly owned by AHO, which operates an affordable multifamily housing community:

- BH, LLC ("BH")

The following list of tax credit entities is comprised of limited liability companies ("LLCs") that rehabilitate and operate affordable housing communities. SOME, AHO and certain affiliated entities act in the capacity of managing member and/or developers for these tax credit entities:

- Benning Residential, LLC ("Residential")
- Benning Programs, LLC ("Programs")
- Benning Healthcare, LLC ("Healthcare")
- Supportive Housing Opportunities, LLC ("Supportive")
- Naylor Road, LLC ("Naylor")
- Zagami House, LLC ("Zagami")
- Scattered Site II, LLC ("Scattered Site")
- Altamont Place, LLC ("Altamont")
- Spring Road, LLC ("Spring")
- Scattered Site III LLC ("SS III")
- 1515 North Capitol LLC ("NCap")

The following list of for-profit entities, which are wholly owned by SOME or AHO, act in the capacity of managing members for affiliated tax credit entities:

- ZH LLC
- SHO LLC
- NR LLC
- SSII LLC
- BR, LLC
- AP, LLC
- SR, LLC
- SSIII, LLC
- 1515 NCap, LLC

SOME and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

The not-for-profit affiliates are commonly controlled by a majority of the same board members of SOME, Inc.

The for-profit affiliates are controlled by SOME or AHO through its ownership of the managing members of the LLCs.

Note 2 - Summary of significant accounting policies

A summary of significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows:

Principles of consolidation

The consolidated financial statements include the accounts of SOME and its affiliates. The boards of the directors of SOME, Inc. and AHO have common members. The LLC entities are included in the consolidation according to generally accepted accounting principles which require company accounts be consolidated for all LLCs which are deemed to be controlled by SOME, Inc. Significant inter-organization accounts and transactions have been eliminated.

Program services

Emergency and Social Services - SOME provides comprehensive emergency services including meals, groceries, material goods, clothing, showers and hygiene kits to meet the daily needs of those individuals experiencing homelessness. Our Central Kitchen program provides hot meals for SOME residents and clients in our treatment programs.

Housing Services - SOME rehabilitates and operates affordable housing communities within the District of Columbia.

Health Services - SOME provides comprehensive, integrated medical, dental and behavioral health care for clients experiencing homelessness. With specialty focus in Chronic Care Management, optometry, podiatry and oral surgery SOME's Clinic is able to provide both preventative and crisis care for clients. SOME's clinics also provide case management services to support clients in overcoming access to care.

Senior Services - SOME's Senior Center serves extremely low income senior citizens with case management, counseling, hot meals, transportation and recreation services. Additionally, homebound seniors are provided direct case management visits and the affordable housing program for seniors provides housing and case management services. SOME has an emergency housing and support program for abused and neglected senior citizens, which is the only program for such citizens in the District of Columbia. The SOME Summer Camp for Seniors is a week-long camp for clients at a retreat house in West Virginia.

Mental Health Services - SOME provides outpatient, trauma informed, mental health services to clients struggling with symptoms of mental health. In addition to outpatient services SOME provides transitional housing options to clients living with mental health along with crisis stabilization and day treatment programs.

SOME's continuum of Substance Use Disorder Services is an abstinence-based treatment program that relies on modern and innovative approaches to care. SOME offers a safe shelter to assist clients in adjusting to the early stages of recovery, a residential treatment program located in West Virginia and a transitional housing program. Along with each stage of treatment SOME provides

SOME and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

psychoeducation, treatment, ongoing recovery support services and medication assisted treatment to help clients in their recovery process.

Education - SOME's Center for Employment Training prepares men and women with the hard and soft skills needed to secure jobs in medical administration, building maintenance and business and customer relations. SOME placed students from our intensive six-month accredited job training program in various positions across the city.

Basis of accounting

SOME and Affiliates ("SOME") prepares its consolidated financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Economic concentrations

SOME operates multiple properties located in Washington, D.C. Future operations could be affected by changes in economic or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing.

Cash and cash equivalents

SOME considers money market funds and highly-liquid overnight investments with original maturities of three months or less to be cash equivalents.

Restricted cash is not considered cash and cash equivalents, and includes cash held with financial institutions for tenant security deposits, repairs or improvements to the buildings which extend their useful lives, local rent supplement program reserves and bond reserves.

Accounts receivables and bad debts

Accounts receivable is stated at the amount management expects to collect from outstanding balances. Management closely monitors outstanding balances and provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are generally written off through a charge to the valuation allowance and a credit to trade accounts receivable. As of December 31, 2021 and 2020, the balance of the allowance for doubtful accounts was \$4,432 and \$62,327, respectively.

Pledges

Unconditional pledges to give are recognized as revenue in the period the pledges are received, and as assets, or decreases of liabilities or expenses depending on the form of the benefits received. Conditional pledges are recognized as revenue when the conditions on which they depend are substantially met.

Pledges are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of the promises. At December 31, 2021 and 2020, no allowance has been recorded. It is reasonably possible that management's estimate of the allowance will change. Pledges as of December 31, 2021 and 2020 are unconditional and considered fully collectible.

SOME and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

Property and equipment

Property and equipment are recorded at cost. Donated property is recorded at the estimated market value at the time of donation. Buildings are depreciated using the straight-line method over their estimated useful lives of 27.5 to 40 years. Other property and equipment purchases are capitalized and depreciated over their estimated useful lives ranging from 5 to 10 years. Leasehold improvements are amortized over the lesser of their estimated useful lives or the related lease terms. Land improvements are depreciated over their estimated useful life of 15 years under the straight-line method. Personal property is depreciated over its estimated useful life of 5 years under the straight-line method. Expenditures greater than \$10,000 that extend the useful life of the asset are capitalized.

Debt issuance costs

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the mortgage loan payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

Deferred fees and amortization

During 2021 and 2020, deferred fees include tax credit fees of \$547,316, which are amortized using the straight-line method over 15 years. Amortization expense for the years ended December 31, 2021 and 2020 was \$36,576 and \$36,576, respectively. Accumulated amortization as of December 31, 2021 and 2020 was \$217,442 and \$180,866, respectively. Estimated amortization expense for each of the years through December 31, 2022 is \$36,576, \$35,800 for the year ended December 31, 2023, and \$35,732 through the year ended December 31, 2026.

Impairment of long-lived assets

SOME reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. There was no impairment losses recognized during 2021 or 2020.

Investments

SOME's investments in marketable equity securities are carried at fair value and are classified as noncurrent as it is not management's intent to dispose of these securities during the next year. Investments in mutual funds and bonds are carried at fair value and classified as current and noncurrent based upon management's intent or applicable maturity dates. Income is recognized from interest and dividends as earned. Unrealized gains or losses are included in accompanying consolidated statements of activities.

Revenue recognition

In accordance with accounting principles generally accepted in the United States of America, revenue is recognized when earned and expenses when obligations are incurred. In addition, unconditional contributions received are recorded as with or without donor restriction support depending on the existence and or nature of any donor restrictions. Conditional contributions, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction.

SOME and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

Most development fees earned are paid from projects' equity and debt proceeds at the completion of the construction of the project. These fees are recognized over the development period beginning when a project is assured of being constructed, as evidenced by the admission of an equity partner, then based on the external construction costs incurred as a percentage of the total external construction costs expected and concluding with the application for final allocation of tax credits. Any portion of the development fee not expected to be paid using contributions from the equity investor, such as cash flow from operations, represents variable consideration.

SOME estimates whether it will be entitled to variable consideration under the terms of the development agreement and includes its estimate of variable consideration in the total development fee amount when it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur in accordance with the accounting guidance in ASC Topic 606, *Revenue from Contracts with Customers*, on constraining estimates of variable consideration, which typically includes the following factors:

- The susceptibility of the consideration amount to factors outside SOME's influence, including insufficient equity and debt proceeds at the completion of the construction of a project.
- Whether the uncertainty about the consideration amount is not expected to be resolved for a long period of time.
- SOME's experience with similar types of agreements.
- Whether the SOME expects to offer changes to payment terms.
- The range of possible consideration amounts.

The cumulative amount of development fees earned over the development agreement is updated at each reporting period based on SOME's estimate of the variable consideration using available information at the reporting date. Any difference between the gross amount of a project's development fee payable and the estimate of variable consideration to which the developer expects to be entitled is eliminated in consolidation.

Rental revenue attributable to residential leases is recorded when due from residents, generally upon the first day of each month. Leases are for periods of up to one year, with rental payments due monthly. Rental payments received in advance are deferred until earned. All leases between SOME and its tenants are operating leases. Subsidy income and other income, which includes fees for late payments and laundry facilities, are recorded when earned.

In-kind contributions

In-kind contributions of donated food and services have been reflected for those programs where recognition is allowed and the fair value can be reasonably estimated.

SOME utilizes the services of outside volunteers. However, the fair value of these services is not recognized in the accompanying consolidated financial statements, since they do not meet the criteria of being a specialized service that would typically need to be purchased and do not enhance or create an assets.

SOME and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

Grants and contracts

SOME has various grants and contracts from federal and local governments and private foundations. For grants and cost reimbursable type contracts, revenue is recognized based on expenses incurred. For fixed price awards, revenue is determined based on the stated fixed rate for services provided. Grants receivable at year end represent uncollected revenue based on amounts earned.

Advertising

Advertising costs are expensed when incurred. For the years ended December 31, 2021 and 2020, SOME and affiliates incurred advertising costs of \$74,771 and \$51,653, respectively.

Interest expense

Interest expense incurred to acquire properties is capitalized and recognized over the life of the related property. For the years ended December 31, 2021 and 2020, SOME capitalized interest in the amounts of \$399,746 and \$84,058, respectively. Interest expense for loans that bear interest at below market interest rates is imputed at 5%. The difference between the imputed interest expense and the interest expense is considered a conditional contribution due to the fact that the rates increase significantly in the event of default. Management evaluated the calculation of imputed interest on loans that bear below market interest rates and deemed that the overall imputed interest expense is immaterial for financial reporting purposes.

Income taxes

SOME, Inc. and its nonprofit affiliate, AHO, have applied for and received a determination letter from the Internal Revenue Service ("IRS") to be treated as a tax exempt entity pursuant to Section 501(c)(3) of the Internal Revenue Code and did not have any unrelated business income for the years ended December 31, 2021 and 2020. Due to its tax exempt status, SOME, Inc. and AHO are not subject to income taxes. SOME, Inc. and AHO are required to file and do file tax returns with the IRS and other taxing authorities. Accordingly, these consolidated financial statements do not reflect a provision for income taxes and SOME, Inc. and AHO have no other tax positions which must be considered for disclosure. Income tax returns filed by SOME, Inc. and AHO are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2018 remain open.

Barnaby House, Programs and Healthcare are single member limited liability companies. Therefore, these entities are treated as disregarded entities for income tax purposes and, as such, are not subject to income taxes. Rather, all items of taxable income and deductions are passed through to and are reported by SOME and AHO on its income tax returns. Accordingly, these consolidated financial statements do not reflect provisions or benefits for income taxes for these entities. Since these entities are not required to file income tax returns, they have no filings which are open to examination by the Internal Revenue Service.

All other affiliated entities have elected to be treated as pass through entities for income tax purposes and, as such, are not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by the owners on their respective tax returns. The affiliated entities' federal tax status as pass-through entities is based on their legal status as limited liability companies. Accordingly, these affiliated entities are not required to take any tax positions in order to qualify as pass-through entities. These affiliated entities are required to file and do file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these consolidated financial statements do not reflect a provision for federal income taxes for these affiliated entities. However, these entities are located in the District of Columbia and the District of Columbia does not recognize flow through entities, and therefore, income in the District of Columbia is subject to tax. Accordingly, these statements include a provision for District of Columbia income taxes in the amount

SOME and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

of \$250 for both the years ended December 31, 2021 and 2020. These affiliated entities have no other tax positions which must be considered for disclosure. Income tax returns filed by these affiliated entities are subject to examination by the Internal Revenue Service for the period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2018 remain open.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of functional expenses. Directly identifiable expenses are charged to program and supporting services. Indirect expenses are charged to program and supporting services, management and general and fundraising based on time spent on various programs.

Noncontrolling interest in limited liability companies

This amount represents the aggregate balance of the investor members' equity interest in the non-wholly owned limited liability companies that are included in the consolidated financials as of years ended December 31, 2021 and 2020.

Fair value

The carrying amounts of the Organization's cash and cash equivalents, receivables, payables and accrued expenses approximate fair value due to the short-term nature of these instruments. The fair value of the Organization's long-term notes receivable, due from affiliates and notes payable is assessed by management based on analysis of underlying investments and historical trends.

Note 3 - Escrows, reserves and restricted cash

Borrower equity funds and debt service reserves

Pursuant to the operating agreements, as defined, of Residential, Supportive, Spring Road and Scattered Site, SOME maintains borrower equity funds and debt service reserves for payment of debt service. At December 31, 2021 and 2020, the balance in the debt service reserves was \$1,252,168 and \$1,249,357, respectively.

Replacement reserves

Pursuant to the operating agreements, as defined, of Residential, Supportive, Naylor, Zagami, Altamont, Spring, and Scattered Site, SOME maintains replacement reserve deposits to fund capital improvements and repairs. At December 31, 2021 and 2020, the balance in the replacement reserve accounts was \$1,715,841 and \$1,454,111, respectively.

Operating reserves

Pursuant to the operating agreements, as defined, of Residential, Supportive, Naylor, Altamont and Scattered Site, SOME maintains operating reserve deposits to fund operating deficits. At December 31, 2021 and 2020, the balance in the operating reserves accounts was \$1,752,440 and \$2,197,119, respectively.

Revenue deficit reserve

Pursuant to the operating agreement, as defined, Scattered Site is required to deposit no less than \$164,454 into a revenue deficit reserve account at the time of the payment of the fourth installment of the Investor Member's capital contributions. As of December 31, 2021 and 2020, the balance in the revenue deficit reserve was \$165,405 and \$165,388, respectively.

SOME and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

Working capital reserve

Pursuant to the operating agreement, as defined, Residential is required to deposit no less than \$332,000 into a working capital reserve account to fund construction costs of the project. As of December 31, 2019, the reserve requirement has been met, and the reserve no longer needs to be funded. At December 31, 2021 and 2020, the balance of the working capital reserve was \$102,365 and \$102,365, respectively.

Local Rent Supplement Program ("LRSP") reserve

Pursuant to an agreement between Supportive and the Federal Home Loan Mortgage Corporation, dated August 1, 2010, SOME has committed to establish a LRSP reserve to pay operating expenses in the event of the occurrence of an operating deficit caused by the termination or reduction of rental subsidies provided by the District of Columbia Housing Authority. The \$1,500,000 reserve will be established with four annual payments of \$375,000 beginning in June 2014. Under certain conditions, this reserve can be returned to SOME in 10 annual payments beginning in June 2024. At December 31, 2021 and 2020, the balance in the LRSP reserve was \$1,503,991 and \$1,503,514, respectively.

Other reserves

The Organization maintains other reserve accounts including insurance and tax reserves. As of December 2021 and 2020, the other reserves balance was \$1,348,939 and \$1,033,987, respectively.

Note 4 - Development escrows

Development escrows include cash restricted for the construction of Residential, Healthcare, and Programs. At December 31, 2021 and 2020, development escrows had a balance of \$6,157,632 and \$253,062, respectively.

Note 5 - Pledges and United Way contribution receivable

Pledges and the United Way contribution receivable as of December 31, 2021 and 2020 are unconditional.

Pledges and the United Way contribution receivable are considered fully collectible and are due as follows as of December 31, 2021 and 2020:

	2021	2020
Pledges and United Way contribution due in less than one year	\$ 352,000	\$ 279,368
Pledges and United Way contribution due in one to three years	-	42,857
Total pledges and United Way contribution	<u>\$ 352,000</u>	<u>\$ 322,225</u>

Note 6 - Financial statement presentation

SOME conforms with U.S. generally accepted accounting principles governing not-for-profit entities. Those principles require that contributions be recorded as with donor restriction or without donor restriction support depending on the existence and/or nature of any donor imposed restrictions. They further establish standards for external financial reporting by not-for-profit organizations and require that resources be classified for accounting and reporting purposes into two net asset categories - net assets without restriction and net assets with restriction - according to externally (donor) imposed restrictions.

SOME and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

A description of the net assets without donor restriction and net assets with donor restriction categories are as follows:

Net assets without restriction - includes revenue and expenses associated with the principal mission of SOME. Net assets without restriction include net assets that have been internally designated by the Board of Directors for specific purposes. See Note 10 for net asset designation.

Net assets with restriction - generally includes contributions for which donor-imposed direct restrictions have not been met or donor contributions that have not been received.

At December 31, 2021 and 2020, net assets with restriction consisted of the following:

	2021	2020
Capital campaign	\$ 10,465,232	\$ 464,232
COVID	-	474,613
Major improvements	777,828	3,627,054
Time restricted	352,000	322,225
	<u>\$ 11,595,060</u>	<u>\$ 4,888,124</u>

Note 7 - Investments

The following represents investments held as of December 31, 2021 and 2020:

	2021	2020
Fixed income	\$ 7,808,795	\$ 6,597,425
Equities	24,898,878	20,455,234
Money market funds	873,032	2,170,437
	<u>\$ 33,580,705</u>	<u>\$ 29,223,096</u>

Investment income (loss) for the years ended December 31, 2021 and 2020 is as follows:

	2021	2020
Interest and dividends	\$ 736,857	\$ 682,040
(Loss) gain on investments, net	3,684,337	2,101,494
Investment fees	(43,549)	(56,503)
	<u>\$ 4,377,645</u>	<u>\$ 2,727,031</u>

The three levels of the fair value hierarchy under U.S. generally accepted accounting principles and the applicability to SOME's portfolio investments are described below:

Level 1 - quoted prices in active markets for identical investments.

Level 2 - other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment fees, credit risk, etc.).

SOME and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

Level 3 - significant unobservable inputs (including SOME's own assumption in determining the fair value of investments).

Pursuant to the operating agreement, as defined, of Zagami, SOME maintains operating reserve deposits to fund operating deficits. At December 31, 2021 and 2020, the balance in the operating reserve account was \$459,996 and \$457,093, respectively, and is included in investments on the accompanying consolidated statements of financial position.

Pursuant, to the operating agreement, as defined, of Altamont, SOME maintains sinking fund reserve deposits to fund operating deficits. At December 31, 2021 and 2020, the balance of the sinking fund was \$1,053,133 and \$905,689, respectively, which is included in investments in the accompanying consolidated statements of financial position.

The following table sets forth by level, within the fair value hierarchy SOME's investments reported at fair value as of December 31, 2021:

Description	Total investments at 12/31/2021	Market prices for assets (Level 1)	Other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Fixed income	\$ 7,808,795	\$ 7,808,795	\$ -	\$ -
Money market funds	873,032	873,032	-	-
Equities				
U.S. equities	16,045,524	16,045,524	-	-
Global equities	8,853,354	8,853,354	-	-
	<u>\$ 33,580,705</u>	<u>\$ 33,580,705</u>	<u>\$ -</u>	<u>\$ -</u>

The following table sets forth by level, within the fair value hierarchy SOME's investments reported at fair value as of December 31, 2020:

Description	Total investments at 12/31/2020	Market prices for assets (Level 1)	Other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Fixed income	\$ 6,597,425	\$ 6,597,425	\$ -	\$ -
Money market funds	2,170,437	2,170,437	-	-
Equities				
U.S. equities	12,552,639	12,552,639	-	-
Global equities	7,902,595	7,902,595	-	-
	<u>\$ 29,223,096</u>	<u>\$ 29,223,096</u>	<u>\$ -</u>	<u>\$ -</u>

SOME and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

The following table shows what items the investments are pledged to as of December 31, 2021 and 2020:

	2021	2020
Balance	\$ 33,580,705	\$ 29,223,096
Lines of credit	(15,500,000)	(15,585,385)
Zagami operating reserve	(459,996)	(457,093)
Altamont sinking fund	(1,053,133)	(905,689)
Replacement reserves	(1,235,955)	(1,152,092)
	<u>\$ 15,331,621</u>	<u>\$ 11,122,837</u>
Unpledged investments		

Note 8 - Line-of-credit

SOME has a line-of-credit agreement with a commercial bank providing for borrowings of up to \$3,000,000. The line-of-credit is utilized to support working capital needs and acquisition of real estate and bears interest at LIBOR +1.0% (0.6% and 0.15%, respectively, at December 31, 2021 and 2020). During 2020, the line-of-credit was extended to September 29, 2021. Management expects to further extend the line-of-credit. The line-of-credit is secured by one of SOME's investment accounts. Borrowings under the line require monthly payments of all accrued unpaid interest. As of December 31, 2021 and 2020, SOME had borrowed, \$0 and \$750,000, respectively, of the line-of-credit.

SOME has a second line-of-credit agreement with a commercial bank providing for borrowings of up to \$4,500,000. The line-of-credit is utilized to support working capital needs and acquisition of real estate and bears interest at LIBOR +1.4% (0.6% and 0.15%, respectively, at December 31, 2021 and 2020). During 2020, the line-of-credit was extended to August 30, 2022. Management expects to further extend the line-of-credit. The line-of-credit is secured by one of SOME's investment accounts. Borrowings under the line require monthly payments of all accrued unpaid interest. As of December 31, 2021 and 2020, SOME had borrowed \$3,500,000 and \$4,500,000, respectively, of the line-of-credit.

SOME entered into line-of-credit agreement with a commercial bank providing for borrowings of up to \$1,500,000. The line-of-credit is utilized to support working capital needs and acquisition of real estate and bears interest at LIBOR +1.0% (0.6% and 0.15%, respectively, at December 31, 2021 and 2020). The line-of-credit has a maturity date of December 31, 2021. The line-of-credit is secured by one of SOME's investment accounts. Borrowings under the line require monthly payments of all accrued unpaid interest. As of December 31, 2021 and 2020, the outstanding balance was \$0 and \$1,500,000, respectively, of the line-of-credit.

SOME entered into line-of-credit agreement with a commercial bank providing for borrowings of up to \$3,000,000. The line-of-credit is utilized to support working capital needs and acquisition of real estate and bears interest at LIBOR +1.35% (0.6% and 0.15%, respectively, at December 31, 2021 and 2020). The line-of-credit has a maturity date of October 29, 2022. The line-of-credit is secured by one of SOME's investment accounts. Borrowings under the line require monthly payments of all accrued unpaid interest. As of December 31, 2021 and 2020, SOME had borrowed \$3,000,000 of the line-of-credit.

SOME and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

Note 9 - Notes payable

Notes payable at December 31, 2021 and 2020 consisted of:

Name of creditor	Maturity date	Interest rate	Balance as of 12/31/2021	Balance as of 12/31/2020	Other	Name of debtor
Association of Sulpicians	August 2022	2.00%	\$ 50,000	\$ 50,000		SOME, Inc.
PNC Bank	August 2022	6.92%	285,735	306,401		SOME, Inc.
DC Department of Housing and Community Development (DC DHCD)	July 2034	5.00%	793,936	839,481		SOME, Inc.
DC DHCD	June 2048	Non-interest bearing	-	771,104	Principal due at maturity in 2048.	SOME, Inc.
Private party	July 2024	3.00%	1,000,000	1,000,000	Principal and interest due at maturity; loan forgiven upon lender's death.	SOME, Inc.
Continental Casualty Company	Within 14 days of settlement	0%	500,000	500,000		SOME, Inc.
NCB - PPP Loan	4/23/2022	1%	-	4,483,517	Principal will be forgiven if conditions are met.	SOME, Inc.
Enterprise Community Loan Fund, Inc.	August 2023	0%	225,000	225,000	Principal and interest will be forgiven at maturity if loan conditions are met.	AHO
DC DHCD	October 2038	3.00%	1,329,009	1,388,537		AHO
DC DHCD	May 2047	Non-interest bearing	935,500	955,217	March 2046 - Balloon of \$280,516.	AHO
Northmarq Finance, LLC	February 2058	4.35%	7,971,182	8,068,079	Maximum amount allowed to be drawn is \$8,300,000.	Residential
DC DHCD	480 months after stabilization	Non-interest bearing	17,947,789	17,947,789	Maximum amount allowed to be drawn is \$17,947,789.	Residential
New Markets Support Company, LLC - Healthy Futures Financing Fund, LLC	April 2037	3.60%	11,573,832	12,158,784		Healthcare
City First Capital 37, LLC	October 2045	1.09%	9,800,000	9,800,000		Programs
Community Urban Revitalization Enterprises VII, LLC	October 2045	1.09%	10,976,520	10,976,520		Programs
DC DHCD	March 2053	1.00%	1,468,761	1,468,761		Altamont
DC DHCD	May 2057	2.00%	4,900,000	4,900,000		Spring Road
City Bank	June 2050	4.73%	6,030,104	6,100,000		Spring Road
DC DHCD	April 2048	1.00%	971,404	976,077		Zagami
Builders Fund, LLC	November 2053	2.70%	2,000,000	2,000,000	Payable solely out of available cash flow.	Scattered Site
DC DHCD	April 2053	1.80%	4,780,000	4,780,000	Payable solely out of available cash flow; Maximum amount allowed to be drawn is \$4,780,000.	Scattered Site
DC DHCD	April 2053	2.50%	900,000	900,000	Payable solely out of available cash flow.	Scattered Site
DCHFA (Citibank as Funding Lender)	May 2031	4.56%	5,855,329	5,948,366	Maximum amount to be drawn is \$6,336,000.	Scattered Site
DC DHCD	January 2050	2.00%	11,503,000	11,503,000	Payable solely out of available cash flow.	Supportive
DCHFA	January 2044	4.09%	7,380,000	7,490,000	Maximum amount to be drawn is \$18,300,000.	Supportive
DC DHCD	April 2060	3.00%	6,009,890	1,762,964		SS III
DC DHCD	April 2062	3.00%	4,560,016	4,560,016		SS III
Chase	October 2040	2.27%	7,908,555	101,000	Maximum amount to be drawn is \$17,300,000.	SS III
DC DHCD	September 2063	1.00%	9,130,035	-		1515 North Capital
Chase	October 2024	2.00%	55,000	-		1515 North Capital
Less: Current maturities			136,840,597	121,960,613		
Less: Debt issuance cost, net			(1,707,789)	(1,066,677)		
			(2,424,157)	(2,281,900)		
Total long-term notes payable			<u>\$ 132,708,651</u>	<u>\$ 118,612,036</u>		

As of December 31, 2021 and 2020, all notes payable are solely collateralized by the respective rental properties owned by the affiliated entities responsible for each mortgage.

SOME and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

Debt issuance costs, net of accumulated amortization, totaled \$2,424,157 and \$2,281,900 as of December 31, 2021 and 2020, respectively, are related to the mortgages above. Debt issuance costs on the above notes are being amortized using imputed rates that range from 1.08% to 5.93%.

The aggregate amount of principal payments required on notes payable at December 31, 2021 are as follows:

December 31, 2022	\$ 1,707,789
2023	1,996,639
2024	2,012,119
2025	3,126,910
2026	2,133,455
Thereafter	<u>125,863,685</u>
Total	<u><u>\$ 136,840,597</u></u>

Note 10 - Designations

The board of directors of SOME has designated net assets without donor restriction for the following purposes as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Expansion of housing and other programs	\$ 11,198,559	\$ 9,749,816
Property and equipment	38,859,508	31,820,649
Other funds in escrow	4,513,685	5,365,486
Reserve for contingencies	11,000,000	11,000,000
Replacement and major repairs reserve	1,500,000	1,500,000
Pledge to support lines of credit	<u>9,085,385</u>	<u>5,835,385</u>
	<u><u>\$ 76,157,137</u></u>	<u><u>\$ 65,271,336</u></u>

Note 11 - Consolidated statements of cash flows

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated statements of financial position that sum to the total of the same such amounts in the consolidated statements of cash flows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 17,716,252	\$ 15,538,954
Security deposits	367,795	359,061
Restricted cash	<u>929,345</u>	<u>765,186</u>
	<u><u>\$ 19,013,392</u></u>	<u><u>\$ 16,663,201</u></u>

Amounts included in restricted cash are comprised of security deposits held in trust for the future benefit of tenants upon moving out of the property and restricted cash as required by the regulatory authorities and the operating agreements.

SOME and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

Note 12 - Commitments and contingencies

Grant funds received by SOME are subject to audit by the various funding agencies. The management of SOME believes that adjustments, if any, as a result of such audits will not have a material effect upon SOME's level of support from grants. No provision has been made in the accompanying consolidated financial statements for any liability that may result.

The project's low-income housing credits are contingent on its ability to maintain compliance with applicable sections of Section 42 of the Internal Revenue Code. Failure to maintain compliance with tenant income eligibility and rent limits or to correct instances of noncompliance within a reasonable time period could result in recapture of previously claimed tax credits plus interest. In addition, any such noncompliance, if it were to occur, likely would result in an adjustment to the contributed capital of the investor limited partner.

During December 2018, cracks were discovered in the garage of the Conway Center, located at 4430 Benning Road, NE. An assessment as to the cause and the scope of the damage is ongoing. The relevant parties have been notified and SOME is overseeing a third-party engineering firm to provide a thorough assessment and scope of repairs. At this time, the final scope has not been completed, therefore costs related to this matter are not yet determined. SOME is pursuing insurance claims to cover costs of repair.

On April 19, 2022, SOME entered into a settlement agreement that provides a partial recovery of costs related to the damage to the garage. SOME continues to pursue insurance claims to cover unreimbursed costs.

Note 13 - Retirement plans

SOME has established a defined contribution, 401(k) plan. Participation in this plan is optional for all employees. SOME will match employee contributions, with a maximum of 10% for all employees who have completed one year of service. During the years ended December 31, 2021 and 2020, SOME contributed \$1,137,944 and \$1,003,891, respectively, to the plan.

In addition, SOME pays the premium for a split-dollar whole life insurance policy for a key employee. Under the terms of the policy, the cumulative annual premiums paid by SOME will be repaid from any death benefits. As of December 31, 2021 and 2020, SOME has paid cumulative premiums totaling \$562,056 and \$555,188, respectively.

Note 14 - Uninsured cash

SOME maintains its cash in bank deposit accounts which at times may exceed federally insured limits in the United States. The Federal Deposit Insurance Corporation ("FDIC") insures balances up to \$250,000 held at a financial institution. SOME has not experienced any losses, and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Note 15 - Related party transaction

Asset management fee

SOME and affiliates incur asset and investor services management fees through Naylor, Scattered Site, Altamont, Residential, Spring, and Zagami.

SOME and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

Pursuant to the Operating Agreement of Naylor, the investor member earns an annual asset management fee of \$3,500, beginning in 2012, which increases by 3% annually. The asset management fee is payable from available cash flow. During the years ended December 31, 2021 and 2020, asset management fees of \$4,569 and \$4,650, respectively, were incurred. As of December 31, 2021 and 2020, \$4,302 and \$4,302, respectively, were payable.

Pursuant to the Operating Agreement of Scattered Site, the investor member receives an original annual asset management fee of \$5,000, which increases 3% annually. The asset management fee is payable from available cash flow. For the years ended December 31, 2021 and 2020, \$6,334 and \$6,149, respectively, were incurred. As of December 31, 2021 and 2020, \$0 and \$12,119, respectively, remain payable.

Pursuant to the Operating Agreement of Altamont, the Investor Member earns an annual asset management fee of \$2,500, beginning in 2017, which increases by 3% annually. The asset management fee is payable from available cash flow. During the years ended December 31, 2021 and 2020, asset management fees of \$2,814 and \$2,732, respectively, were incurred. As of December 31, 2021 and 2020, \$10,467 and \$10,385, respectively, remained payable.

Pursuant to the Operating Agreement of Residential, the Investor Member earns an annual asset management fee of \$7,000, beginning in 2018, which increases by 3% annually. The asset management fee is payable from available cash flow. During the period ended December 31, 2021 and the period ended December 31, 2020, asset management fees of \$4,908 and \$7,426, respectively, were incurred. As of December 31, 2021 and 2020, \$0 and \$21,636, respectively, remained payable.

Pursuant to the Operating Agreement of Spring, the Investor Member earns an annual asset management fee of \$2,500, beginning in 2019, which increases by 3% annually. The asset management fee is payable from available cash flow. During the years ended December 31, 2021 and 2020, asset management fees of \$2,732 and \$2,575, respectively, were incurred. At December 31, 2021 and 2020, \$0 and \$2,575, respectively, remain payable.

Investor services management fee

Pursuant to the Operating Agreement of Zagami, the PNC Fund Investor earns an annual investor services management fee of \$650, beginning in 2009 and increasing by 3% annually. The investor services management fee is payable from available cash flow. During 2021 and 2020, investor services management fees of \$927 and \$900, respectively, were incurred. As of December 31, 2021 and 2020, \$2,576 and \$3,440, respectively, remained payable.

Note 16 - Note receivable

SOME has a note receivable with Twain Investment Fund 88, LLC in the original amount of \$14,739,128. The funds were advanced in relation to Program's New Markets Tax Credits ("NMTC"). The note bears interest at 1% and matures on October 30, 2045. Interest-only payments are due quarterly beginning in October of 2015. Beginning in 2022, principal and interest payments of \$244,344 will be due quarterly. At December 31, 2021 and 2020, the note receivable balance was \$14,739,128. For the years ended December 31, 2021 and 2020, interest revenue recognized was \$147,446 and \$147,449, respectively.

SOME and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

Note 17 - Construction contracts

During 2020, SS III entered into a construction contract with Bozzuto Contractors, Inc., an unrelated third party, guaranteed by the contractor not to exceed \$9,032,103, subject to additions or deduction by change orders. As of December 31, 2021 and 2020, approved change orders of \$823,395 increased the contract amount to \$9,855,498. As of December 31, 2021 and 2020, \$9,341,359 and \$5,190,298, of costs have been incurred, of which \$593,065 and \$2,568,874 remains payable, including \$491,650 and \$491,583 of retainage, respectively, and is included in accounts payable.

During 2020, SS III entered into a construction contract with Hamel Commercial, Inc., an unrelated third party, guaranteed by the contractor not to exceed \$8,289,895, subject to additions or deduction by change orders. As of December 31, 2021 and 2020, approved change orders of \$532,573 increased the contract amount to \$8,822,468. As of December 31, 2021 and 2020, \$8,804,190 and \$2,275,398, of costs have been incurred, of which \$1,298,245 and \$1,135,083 remains payable, including \$426,825 and \$221,417 of retainage, respectively, and is included in accounts payable.

During 2021, 1515 North Capital entered into a construction contract with Clark Construction Group, LLC, an unrelated third party, guaranteed by the contractor not to exceed \$39,116,786, subject to additions or deduction by change orders. As of December 31, 2021, approved change orders of \$303,454 increased the contract amount to \$39,420,240. As of December 31, 2021, \$2,960,291 of costs have been incurred, of which \$1,290,971 remains payable, including \$239,028 of retainage, respectively, and is included in accounts payable.

Note 18 - Construction in progress

Construction in progress consisted of the following as of December 31, 2021 and 2020:

Project name	2021	2020
BHS at Conway (AHO)	\$ -	\$ 429,307
Programs	66,034	66,034
SS III	10,237,646	14,181,428
NCap	11,009,684	-
Benning Garage (SOME)	970,867	518,245
1519 North Capitol (SOME)	-	2,102,676
Gas station (SOME)	54,670	54,670
Deanwood (SOME)	305,204	-
Kansas Avenue (SOME)	255,075	-
Woodley (SOME)	205,533	-
Hanover Place (SOME)	2,559,931	-
O Street (SOME)	117,287	-
Other major improvements (SOME)	432,104	729,341
	<u>\$ 26,214,035</u>	<u>\$ 18,081,701</u>

Note 19 - Availability and liquidity

SOME and Affiliates' liquidity plan, cash in excess of daily requirements is invested in short-term investments and money market funds. Occasionally, the board of directors designates a portion of any operating surplus to a separate professionally managed operating investment reserve, which was \$33,580,705 and \$29,223,096 at December 31, 2021 and December 31, 2020, respectively.

SOME and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

The following represents SOME and Affiliates' financial assets at December 31, 2021 and 2020:

	2021	2020
Financial assets at year-end		
Cash and cash equivalents, undesignated	\$ 16,716,252	\$ 14,538,954
Cash and cash equivalents, designated to investment in property and equipment	1,000,000	1,000,000
United Way contributions receivable	352,000	200,000
Accounts receivable	2,148,386	2,348,013
Developer fee receivable, current	336,104	336,104
Grants receivable	413,292	414,019
Pledges receivable, current	-	79,368
Investments	33,580,705	29,223,096
	<u>54,546,739</u>	<u>48,139,554</u>
Total financial assets		
	<u>54,546,739</u>	<u>48,139,554</u>
Less amounts not available to be used within one year		
Net assets with donor restrictions	11,595,060	4,845,267
Pledged investments	17,013,129	16,948,167
Board designated	12,500,000	12,500,000
	<u>41,108,189</u>	<u>34,293,434</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 13,438,550</u>	<u>\$ 13,846,120</u>

SOME and Affiliates' goal is generally to maintain financial assets to meet 90 days of operating expenses, which is included in the board designated line (approximately \$7.5 million). Although we do not intend to spend from these board-designated funds, these amounts could be made available if necessary.

Note 20 - Guarantees

SOME and affiliates issue a variety of guarantees in the course of developing properties. The guarantees are generally issued in the favor of the investor members or lenders. Guarantees as of December 31, 2021 and 2020 consist of the following:

Operating deficit guarantees

Operating deficit guarantees are commitments to fund future operating deficits of its affiliated limited liability companies. The guarantees are issued in favor of tax credit limited liability companies, and generally are for the 15-year period when the investor is expected to hold its investor member interest, or for shorter periods (for example, three to five years after the project has achieved break-even or stabilized operations, or a certain debt service coverage ratio, as defined in the respective agreements).

In addition, SOME has a maximum \$2 million exposure to replenish the operating reserve fund of Supportive if the reserve falls below \$500,000.

SOME and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

Tax credit guarantees

Tax benefits guarantees are guarantees that properties financed in part by federal tax credit allocations will realize a flow of tax benefits in the form of low income tax credits to the investors in tax credit limited liability companies over the tax compliance period of 15 years after initial lease-up.

Construction guarantees

Construction related guarantees are commitments to fund the development and lease up of a project, should the project not receive expected permanent financing, or should the cost of the development exceed permanent financing received.

Right-sized permanent loan

Pertaining to Residential, SOME has guaranteed to fund any difference between the amount of debt underwritten and the eventual permanent financing received.

The maximum amount of future payments SOME could be required to pay under these guarantees ranges from a fixed to an unlimited amount based on the guarantees. However, in management's judgment, there are numerous factors which reduce or limit SOME's exposure.

If SOME believes a liability associated with any of the aforementioned commitments becomes probable and the amount of the liability is reasonably estimable or the maximum amount of a range of loss is reasonably estimable, then an appropriate liability is established. SOME evaluated a liability for the obligation it has undertaken in issuing the guarantee, including its ongoing obligation to stand ready to perform over the term of the guarantee in the event that a specific triggering event or conditions occur.

SOME has evaluated the fair value of each guarantee entered into and determined that no material liability is to be recorded as of December 31, 2021 or 2020.

Demand note

Pertaining to Residential, SOME has guaranteed to fund a demand note in the maximum amount of \$1,000,000, which is to be maintained during the compliance period. The demand note shall be an unconditional obligation on the part of SOME and is to be disbursed in accordance with payment requests as defined.

Note 21 - Leasing arrangements

Benning Healthcare leases its facilities to Unity Health Care, Inc. under an operating lease agreement. The lease expires on March 1, 2038. The terms of the lease require a minimum annual rent of \$1,129,770, with an annual increase of 3%. Rental income for the years ended December 31, 2021 and 2020 was \$1,457,408 and \$1,555,598, respectively.

Future five years minimum rental payments consist of the following:

December 31, 2022	\$	1,242,747
2023		1,296,976
2024		1,335,885
2025		1,375,962
2026		1,417,241

SOME and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

Note 22 - Risks and uncertainties

In early 2020, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity which could result in a loss of revenue and other material adverse effects to the Organization's financial position, results of operations, and cash flows. The Organization is not able to estimate the length or severity of this outbreak and the related financial impact. Management plans to adjust its operations accordingly and will continue to assess and monitor the situation as it evolves. If the length of the outbreak and related effects on the Organization's operations continue for an extended period of time the Organization may have to seek alternative measures to finance its operations. There is no assurance these measures will be successful. The consolidated financial statements do not include any adjustments that might result if the Organization is unable to continue as a going concern.

Note 23 - Subsequent events

Events that occur after the consolidated statements of financial position date but before the consolidated financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of the subsequent events that provide evidence about conditions at the consolidated statements of financial position date are recognized in the accompanying consolidated financial statements. Subsequent events which provide evidence about the conditions that existed after the consolidated statements of financial position date require disclosure in the accompanying notes. Management evaluated the activity of SOME through August 3, 2022 (the date the consolidated financial statements were available to be issued) and concluded other than the subsequent events discussed below that no subsequent events have occurred that would require recognition in the consolidated financial statements or disclosure in the notes to the consolidated financial statements.

On April 21, 2022, SOME purchased 414 - 420 61st St. NE Washington, DC for \$1,800,000.

On April 21, 2022, SOME purchased 415 61st St. NE Washington, DC for \$1,650,000.

On April 21, 2022, SOME purchased 6111 Dix St. NE Washington, DC for \$2,500,000.

On April 28, 2022, SOME purchased 5827, 6201 and 6211 Dix St. NE Washington, DC for \$3,300,000.

On May 31, 2022, SOME purchased 4111 Kansas Ave. NW Washington, DC for \$16,300,000.

Supplementary Information

SOME and Affiliates

Consolidating Schedule of Financial Position December 31, 2021

	SOME, Inc.	Affordable Housing Opportunities, Inc.	BH, LLC	Eliminations	Subtotal	Real Estate	Eliminations	Total
<u>Assets</u>								
Current assets								
Cash and equivalents, undesignated	\$ 15,594,192	\$ 77,826	\$ 13,727	\$ -	\$ 15,685,745	\$ 1,030,507	\$ -	\$ 16,716,252
Cash and equivalents designated to investment in property and equipment	1,000,000	-	-	-	1,000,000	-	-	1,000,000
Contributions receivable	352,000	-	-	-	352,000	-	-	352,000
Accounts receivable, net	1,742,196	45,886	4,835	-	1,792,917	355,469	-	2,148,386
Developer fee receivable - current	336,104	-	-	-	336,104	-	-	336,104
Due from affiliates	13,662,013	114,915	-	(2,623,827)	11,153,101	82,357	(11,235,458)	-
Grants receivable	413,292	-	-	-	413,292	-	-	413,292
Prepaid expenses and deposits	98,594	227	-	-	98,821	17,303	-	116,124
Total current assets	33,198,391	238,854	18,562	(2,623,827)	30,831,980	1,485,636	(11,235,458)	21,082,158
Other assets								
Developer fee receivable - noncurrent	6,268,919	-	-	-	6,268,919	-	-	6,268,919
Investments in affiliates	2,470,697	1,664,936	-	(3,695,333)	440,300	-	(440,300)	-
Investments	33,580,705	-	-	-	33,580,705	-	-	33,580,705
Security deposits	34,078	43,000	7,380	-	84,458	283,337	-	367,795
Escrows and reserves	-	-	-	-	-	6,911,804	-	6,911,804
Development escrows	-	-	-	-	-	6,157,632	-	6,157,632
Restricted cash	41,045	-	-	-	41,045	888,300	-	929,345
Deferred rent asset	-	-	-	-	-	1,423,899	-	1,423,899
Total other assets	42,395,444	1,707,936	7,380	(3,695,333)	40,415,427	15,664,972	(440,300)	55,640,099
Notes receivable, net	44,018,520	-	-	(477,980)	43,540,540	-	(28,801,412)	14,739,128
Deferred fees, net of accumulated amortization	-	-	-	-	-	329,874	-	329,874
Property and equipment								
Land	2,030,589	554,283	434,587	-	3,019,459	12,347,132	-	15,366,591
Land Improvements	78,316	11,509	-	-	89,825	6,692,270	-	6,782,095
Buildings and improvements	19,725,469	8,830,866	1,893,971	-	30,450,306	184,491,579	(15,018,226)	199,923,659
Furniture and fixtures	1,478,895	257,149	-	-	1,736,044	4,121,043	-	5,857,087
Vehicles	435,754	-	-	-	435,754	-	-	435,754
Construction in process	4,900,671	-	-	-	4,900,671	21,313,364	-	26,214,035
Accumulated depreciation	(12,127,663)	(4,710,693)	(546,855)	-	(17,385,211)	(32,871,156)	1,257,647	(48,998,720)
Total property and equipment	16,522,031	4,943,114	1,781,703	-	23,246,848	196,094,232	(13,760,579)	205,580,501
Total assets	\$ 136,134,386	\$ 6,889,904	\$ 1,807,645	\$ (6,797,140)	\$ 138,034,795	\$ 213,574,714	\$ (54,237,749)	\$ 297,371,760

SOME and Affiliates

Consolidating Schedule of Financial Position December 31, 2021

	SOME, Inc.	Affordable Housing Opportunities, Inc.	BH, LLC	Eliminations	Subtotal	Real Estate	Eliminations	Total
<u>Liabilities and Net Assets</u>								
Current liabilities								
Accounts payable and accrued expenses	\$ 880,786	\$ 57,077	\$ 426	\$ -	\$ 938,289	\$ 5,258,050	\$ (27,900)	\$ 6,168,439
Accrued payroll and withholding	1,360,238	-	-	-	1,360,238	-	-	1,360,238
Accrued vacation	1,349,934	-	-	-	1,349,934	-	-	1,349,934
Accrued interest payable - current	17,500	-	-	-	17,500	634,306	-	651,806
Due to affiliates	128,888	2,121,805	373,134	(2,623,827)	-	9,048,951	(9,048,951)	-
Deferred revenue - current	9,317	15,690	6,412	-	31,419	708,938	-	740,357
Lines of credit - current	6,500,000	-	-	-	6,500,000	-	-	6,500,000
Notes payable - current maturities	333,474	83,232	-	-	416,706	1,291,083	-	1,707,789
Total current liabilities	10,580,137	2,277,804	379,972	(2,623,827)	10,614,086	16,941,328	(9,076,851)	18,478,563
Long-term liabilities								
Security deposit payable	103,017	37,848	4,704	-	145,569	241,323	-	386,892
Accrued interest payable - related party	-	-	-	-	-	4,722,083	(4,722,083)	-
Accrued interest payable	-	-	-	-	-	4,471,246	-	4,471,246
Developer fee payable	-	-	-	-	-	15,061,559	(15,061,559)	-
Accrued asset management fee	-	-	-	-	-	17,345	-	17,345
Due to affiliates	-	-	-	-	-	2,158,607	(2,158,607)	-
Notes payable, net	2,296,197	2,406,277	-	-	4,702,474	128,006,177	-	132,708,651
Notes payable - SOME	-	200,000	277,980	(477,980)	-	20,143,217	(20,143,217)	-
Total long-term liabilities	2,399,214	2,644,125	282,684	(477,980)	4,848,043	174,821,557	(42,085,466)	137,584,134
Net assets	123,155,035	1,967,975	1,144,989	(3,695,333)	122,572,666	21,811,829	(3,075,432)	141,309,063
Total liabilities and net assets	\$ 136,134,386	\$ 6,889,904	\$ 1,807,645	\$ (6,797,140)	\$ 138,034,795	\$ 213,574,714	\$ (54,237,749)	\$ 297,371,760

See Independent Auditor's Report.

SOME and Affiliates

Consolidating Schedule of Activities Year Ended December 31, 2021

	SOME, Inc.	Affordable Housing Opportunities, Inc.	BH, LLC	Eliminations	Subtotal	Real Estate	Eliminations	Total
Support and revenue								
Contributions	\$ 33,431,867	\$ -	\$ -	\$ -	\$ 33,431,867	\$ -	\$ -	\$ 33,431,867
Legacies and bequests	918,364	-	-	-	918,364	-	-	918,364
Special events	33,750	-	-	-	33,750	-	-	33,750
In-kind contributions	524,540	-	-	-	524,540	-	-	524,540
Grants	2,183,759	-	-	-	2,183,759	-	-	2,183,759
Foundations	2,227,197	-	-	-	2,227,197	-	-	2,227,197
Rental income	1,358,443	1,037,329	182,274	-	2,578,046	8,918,989	(272,680)	11,224,355
Operating subsidy from SOME, Inc.	-	-	-	-	-	181,984	(181,984)	-
Management fee income	3,671,800	-	-	(598,417)	3,073,383	-	(3,073,383)	-
Development fee income	2,372,334	-	-	-	2,372,334	-	-	2,372,334
Insurance reimbursements	3,656,620	-	-	-	3,656,620	-	-	3,656,620
Program service revenue	18,550	-	-	-	18,550	-	-	18,550
Other	5,605,540	4,752	966	-	5,611,258	302,227	-	5,913,485
Total support and revenue	56,002,764	1,042,081	183,240	(598,417)	56,629,668	9,403,200	(3,528,047)	62,504,821
Expenses								
Program services								
Emergency aid	1,909,990	-	-	-	1,909,990	-	-	1,909,990
Housing services	16,407,932	1,412,236	249,864	(598,417)	17,471,615	16,986,165	(3,796,266)	30,661,514
Health services	2,349,487	-	-	-	2,349,487	-	-	2,349,487
Senior services	1,390,880	-	-	-	1,390,880	-	-	1,390,880
Mental health services	6,871,211	-	-	-	6,871,211	-	-	6,871,211
Education	1,895,249	-	-	-	1,895,249	-	-	1,895,249
Total program services	30,824,749	1,412,236	249,864	(598,417)	31,888,432	16,986,165	(3,796,266)	45,078,331
Supporting services								
Management and general	2,324,008	-	-	-	2,324,008	-	(272,680)	2,051,328
Fundraising	3,243,618	-	-	-	3,243,618	-	-	3,243,618
Total supporting services	5,567,626	-	-	-	5,567,626	-	(272,680)	5,294,946
Total expenses	36,392,375	1,412,236	249,864	(598,417)	37,456,058	16,986,165	(4,068,946)	50,373,277
Non-operating activities								
(Loss) gain on investments - net	3,684,337	-	-	-	3,684,337	-	-	3,684,337
Gain on sale of fixed assets	5,154,595	-	-	-	5,154,595	-	(5,154,595)	-
Interest and dividends	692,131	24	-	-	692,155	1,153	-	693,308
Total nonoperating activities	9,531,063	24	-	-	9,531,087	1,153	(5,154,595)	4,377,645
Change in net assets	\$ 29,141,452	\$ (370,131)	\$ (66,624)	\$ -	\$ 28,704,697	\$ (7,581,812)	\$ (4,613,696)	\$ 16,509,189

See Independent Auditor's Report.

SOME and Affiliates

Consolidating Schedule of Financial Position - Real Estate Entities December 31, 2021

	Real Estate											
	Benning Residential, LLC	Benning Programs, LLC	Benning Healthcare, LLC	Supportive Housing Opportunities, LLC	Naylor Road, LLC	Zagami House, LLC	Scattered Site II, LLC	Altamont Place, LLC	Spring Road, LLC	Scattered Site III, LLC	1515 North Cap	Total
Assets												
Current assets												
Cash and equivalents, undesignated	\$ 152,339	\$ 51,622	\$ 62,690	\$ 133,608	\$ 160,180	\$ 21,667	\$ 161,907	\$ 28,148	\$ 83,380	\$ 174,546	\$ 420	\$ 1,030,507
Accounts receivable, net	63,636	29,750	36,749	35,134	40,386	4,356	102,500	15,709	13,349	13,900	-	355,469
Due from affiliates	43,954	17,723	-	-	17,944	-	2,736	-	-	-	-	82,357
Prepaid expenses and deposits	8,333	-	-	1,326	4,691	-	2,925	-	28	-	-	17,303
Total current assets	268,262	99,095	99,439	170,068	223,201	26,023	270,068	43,857	96,757	188,446	420	1,485,636
Other assets												
Security deposits	60,999	-	-	98,138	27,692	6,221	54,678	10,995	14,955	9,201	458	283,337
Escrows and reserves	444,566	-	451,890	4,069,131	-	-	1,325,531	-	620,686	-	-	6,911,804
Development escrows	-	82,137	-	-	-	-	-	-	-	-	6,075,495	6,157,632
Restricted cash	339,421	-	-	-	271,974	62,369	165,405	49,131	-	-	-	888,300
Deferred rent asset	-	-	1,423,899	-	-	-	-	-	-	-	-	1,423,899
Total other assets	844,986	82,137	1,875,789	4,167,269	299,666	68,590	1,545,614	60,126	635,641	9,201	6,075,953	15,664,972
Deferred fees, net of accumulated amortization	155,301	-	-	35,546	17,660	912	44,752	31,704	43,999	-	-	329,874
Property and equipment												
Land	3,116,309	1,206,719	955,314	1,989,045	424,458	153,537	703,021	995,509	2,803,220	-	-	12,347,132
Land improvements	557,772	1,042,132	1,353,734	1,211,994	626,677	68,339	-	-	218,395	1,613,227	-	6,692,270
Buildings and improvements	45,038,949	18,641,800	12,961,070	32,212,166	9,497,367	3,479,133	24,967,173	6,038,309	15,365,686	16,289,926	-	184,491,579
Furniture and fixtures	841,042	1,285,364	38,504	936,265	171,494	82,409	128,529	169,621	318,511	149,304	-	4,121,043
Construction in process	-	66,034	-	-	-	-	-	-	-	10,237,646	11,009,684	21,313,364
Accumulated depreciation	(4,990,655)	(2,888,784)	(1,547,249)	(11,577,727)	(2,824,011)	(1,861,115)	(4,982,695)	(801,155)	(1,397,765)	-	-	(32,871,156)
Total property and equipment	44,563,417	19,353,265	13,761,373	24,771,743	7,895,985	1,922,303	20,816,028	6,402,284	17,308,047	28,290,103	11,009,684	196,094,232
Total assets	\$ 45,831,966	\$ 19,534,497	\$ 15,736,601	\$ 29,144,626	\$ 8,436,512	\$ 2,017,828	\$ 22,676,462	\$ 6,537,971	\$ 18,084,444	\$ 28,487,750	\$ 17,086,057	\$ 213,574,714

SOME and Affiliates

Consolidating Schedule of Financial Position - Real Estate Entities December 31, 2021

	Real Estate											
	Benning Residential, LLC	Benning Programs, LLC	Benning Healthcare, LLC	Supportive Housing Opportunities, LLC	Naylor Road, LLC	Zagami House, LLC	Scattered Site II, LLC	Altamont Place, LLC	Spring Road, LLC	Scattered Site III, LLC	1515 North Cap	Total
<u>Liabilities and Net Assets</u>												
Current liabilities												
Accounts payable and accrued expenses	\$ 28,048	\$ 99,203	\$ -	\$ 35,292	\$ 4,754	\$ 41,449	\$ 55,424	\$ 5,610	\$ 6,531	\$ 2,420,144	\$ 2,561,595	\$ 5,258,050
Accrued interest payable - current	-	-	52,529	154,962	-	817	-	-	24,044	380,442	21,512	634,306
Due to affiliates	3,397,806	460,389	342,279	-	71,152	-	1,319,588	583,893	1,167,254	1,661,663	44,927	9,048,951
Deferred revenue	231,904	-	-	138,916	-	-	134,072	7,565	13,826	-	182,655	708,938
Notes payable - current maturities	85,376	330,325	577,707	130,000	-	5,317	89,084	-	73,274	-	-	1,291,083
Total current liabilities	3,743,134	889,917	972,515	459,170	75,906	47,583	1,598,168	597,068	1,284,929	4,462,249	2,810,689	16,941,328
Long-term liabilities												
Security deposit payable	52,941	-	-	79,631	22,598	4,004	47,035	7,542	15,072	12,500	-	241,323
Accrued interest payable - related party	356,100	-	-	3,163,400	1,140,943	61,640	-	-	-	-	-	4,722,083
Accrued interest payable	-	-	-	2,616,931	-	-	1,298,589	99,754	455,972	-	-	4,471,246
Developer fee payable	5,673,698	-	899,808	863,609	515,000	-	597,411	895,080	1,274,786	2,780,181	1,561,986	15,061,559
Accrued asset management fee	-	-	-	-	4,302	2,576	-	10,467	-	-	-	17,345
Due to affiliates	-	-	-	1,675,055	-	483,552	-	-	-	-	-	2,158,607
Notes payable, net	25,733,021	19,951,941	10,960,176	18,297,887	-	959,765	13,017,391	1,468,761	10,196,161	18,236,039	9,185,035	128,006,177
Notes payable - SOME	1,400,000	1,821,197	1,075,000	10,647,666	2,000,000	442,669	2,447,685	-	309,000	-	-	20,143,217
Total long-term liabilities	33,215,760	21,773,138	12,934,984	37,344,179	3,682,843	1,954,206	17,408,111	2,481,604	12,250,991	21,028,720	10,747,021	174,821,557
Net assets	8,873,072	(3,128,558)	1,829,102	(8,658,723)	4,677,763	16,039	3,670,183	3,459,299	4,548,524	2,996,781	3,528,347	21,811,829
Total liabilities and net assets	\$ 45,831,966	\$ 19,534,497	\$ 15,736,601	\$ 29,144,626	\$ 8,436,512	\$ 2,017,828	\$ 22,676,462	\$ 6,537,971	\$ 18,084,444	\$ 28,487,750	\$ 17,086,057	\$ 213,574,714

See Independent Auditor's Report.

SOME and Affiliates

Consolidating Schedule of Activities - Real Estate Entities Year Ended December 31, 2021

	Real Estate											
	Benning Residential, LLC	Benning Programs, LLC	Benning Healthcare, LLC	Supportive Housing Opportunities, LLC	Naylor Road, LLC	Zagami House, LLC	Scattered Site II, LLC	Altamont Place, LLC	Spring Road, LLC	Scattered Site III, LLC	1515 North Cap	Total
Support and revenue												
Rental income	\$ 1,528,130	\$ 272,680	\$ 1,457,408	\$ 2,572,639	\$ 379,409	\$ 212,389	\$ 1,392,436	\$ 183,861	\$ 894,580	\$ 25,386	\$ 71	\$ 8,918,989
Operating subsidy from SOME, Inc.	-	-	-	-	181,984	-	-	-	-	-	-	181,984
Other	41,313	-	219,920	7,398	6,405	11,619	9,008	2,125	4,409	30	-	302,227
Total support and revenue	1,569,443	272,680	1,677,328	2,580,037	567,798	224,008	1,401,444	185,986	898,989	25,416	71	9,403,200
Expenses												
Program services												
Housing services	3,698,279	1,181,389	1,485,880	4,345,323	939,237	470,236	2,560,661	551,540	1,580,077	173,422	121	16,986,165
Total program services	3,698,279	1,181,389	1,485,880	4,345,323	939,237	470,236	2,560,661	551,540	1,580,077	173,422	121	16,986,165
Total expenses	3,698,279	1,181,389	1,485,880	4,345,323	939,237	470,236	2,560,661	551,540	1,580,077	173,422	121	16,986,165
Non-operating activities												
Interest and dividends	268	-	23	673	-	34	100	29	22	4	-	1,153
Total non-operating activities	268	-	23	673	-	34	100	29	22	4	-	1,153
Change in net assets	\$ (2,128,568)	\$ (908,709)	\$ 191,471	\$ (1,764,613)	\$ (371,439)	\$ (246,194)	\$ (1,159,117)	\$ (365,525)	\$ (681,066)	\$ (148,002)	\$ (50)	\$ (7,581,812)

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